

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

Producers 88 (4-89) — Paid Up With 640 Acres Pooling Provision 5 year lease for one lot

PAID UP OIL AND GAS LEASE

(No Surface Use)

leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral estate in such part of

8. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been

notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to the credit of decedent or decedent's estate in the depository designated above. If at any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons or to their credit in the depository, either jointly or separately in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafter arising with respect to the transferred interest, and failure of the transferre to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to pay or tender shut-in royalties hereunder shall be divided between

Lessee and the transferee in proportion to the net acreage interest in this lease then held by each.

9. Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of the area covered by this lease or any depths or zones thereunder, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. If Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in accordance

with the net acreage interest retained hereunder,

10. In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unitized herewith, in primary and/or enhanced recovery, Lessee shall have the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treat and/or transport production. Lessee may use in such operations, free of cost, any oil, gas, water and/or other substances produced on the leased premises, except water from Lessor's wells or production. Lesser hay use in sach operations, tree of cost, any oil, gas, water and/or other substances produced on the leased premises, except water from Lessor's wells of ponds. In exploring, developing, producing or marketing from the leased premises or lands pooled therewith, the ancillary rights granted herein shall apply (a) to the entire leased premises described in Paragraph 1 above, notwithstanding any partial release or other partial termination of this lease; and (b) to any other lands in which Lessor now or hereafter has authority to grant such rights in the vicinity of the leased premises or lands pooled therewith. When requested by Lessor in writing, Lessee shall bury its pipelines below ordinary plow depth on cultivated lands. No well shall be located less than 200 feet from any house or barn now on the leased premises or other lands used by Lessee hercunder, without Lessor's consent, and Lessee shall pay for damage caused by its operations to buildings and other improvements now on the leased premises or such other lands, and to commercial timber and growing crops thereon. Lessee shall have the right at any time to remove its fixtures, equipment and materials, including well casing, from the leased premises or such other lands during the term of this lease or within a reasonable time thereafter.

11. Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction including restrictions on the drilling and production of wells, and the price of oil, gas, and other substances covered hereby. When drilling, reworking, production or other operations are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or casements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this lease shall not terminate because of such prevention or delay, and at Lessee's option, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable

for breach of any express or implied covenants of this lease when drilling, production or other operations are so prevented, delayed or interrupted.

12. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately including in the notice the name and address of the offers, the price offered and all other partial terms and conditions of the offers. Lease for a point of fifteen days after a point of the price and professed circle and experience the price of the offers. pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or

part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default, within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or canceled in whole or in part unless Lessee is given a reasonable time after said

judicial determination to remedy the breach or default and Lessee fails to do so.

14. For the same consideration recited above, Lessor hereby grants, assigns and conveys unto Lessee, its successors and assigns, a perpetual subsurface well bore easement under and through the leased premises for the placement of well bores (along routes selected by Lessee) from oil or gas wells the surface locations of which are situated on other tracts of land and which are not intended to develop the leased premises or lands pooled therewith and from which Lessor shall have no right to royalty or other benefit. Such subsurface well bore easements shall run to the telland and survive any termination of this lease.

15. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-n royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

16. Notwithstanding anything contained to the contrary in this lease, Lessee shall not have any rights to use the surface of the leased premises for drilling or other operations.

17. It is recognized that as of the date of this lease the leased premises is subject to a prior lease, which is still within its primary term ("base lease"). This lease is subject to the base lease, and is not intended to disparage or cloud the title to such base lease. If, however, the base lease terminates at or after the expiration of its primary term, is invalidated through a judicial hearing or other legal adjudication on the merits of the base lease or manner in which it was acquired, or if the base lease in any other way becomes null and void or no longer in force and effect, then this lease shall continue in force and effect according to its terms and provisions; provided, however, that if Lessee does not tender to the Lessor the balance of the agreed bonus per net acre within sixty (60) days after the termination of the base lease, then this lease shall terminate, and the Lessee shall, upon receipt of written request from Lessor execute and deliver to Lessor a Release of this lease. For the purposes of this lease, the "Effective Date" of this lease shall be the date that the base lease is terminated or expires. Notwithstanding that the primary term of this lease will commence on the Effective Date, the rights of Lessee under this lease are vested upon Lessor's execution of this lease and, prior to the Effective Date, this lease covers Lessor's possibility of reverter in and to the leased premises. Furthermore, if the Effective Date fails to occur within ten (10) years of the date of signature below, then this lease shall ipso facto become null and void without any further action by or on behalf of Lessor or Lessee. For the consideration stated herein paid by Lessee, Lessor agrees not to ratify, renew or extend the base lease beyond its primary term or enter into any agreement that would have the effect of perpetuating the base lease after the termination or expiration thereof pursuant to its terms, nor will Lessor amend the base lease in any way

DISCLAIMER OF REPRESENTATIONS: Lessor acknowledges that oil and gas lease payments, in the form of rental, bonus and royalty, are market sensitive and may vary depending on multiple factors and that this Lease is the product of good faith negotiations. Lessor understands that these lease payments and terms are final and that Lessor entered into this lease without duress or undue influence. Lessor recognizes that lease values could go up or down depending on market conditions. Lessor acknowledges that no representations or assurances were made in the negotiation of this lease that Lessor would get the highest price or different terms depending on future market conditions. Neither party to this lease will seek to alter the terms of this transaction based upon any differing terms which Lessee has or may negotiate with any other lessors/oil and gas owners.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.

LESSOR (WHETHER ONE OR MORE)

OSE

ACKNOWLEDGMENT

COUNTY OF TARRANT

This instrument was acknowledged before me on the

day of Apri

JARWIN N. SCOTT Notary Public, State of Texas My Commission Expires . October 31 - 2010

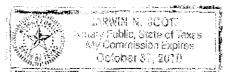
Notary Public, State of Texas Notary's name (printed): Notary's commission expires:

STATE OF TEXAS COUNTY OF TARRANT

This instrument was acknowledged before me on the

day of *Ap(i/__,* 20<u>08</u>, by

Notary Public, State of Texas Notary's name (printed): Notary's commission expires:



DRAFT

	BIK	5	Lut 3		
Re:			[Pro	perty Desc	ription]
	True	A	res		
Dea	ar				

Dale Property Services, LLC ("Dale") hereby offers to lease your property described above for development of oil and gas. Our records show that your property may already be leased to another person or company, however Dale is willing to pay you for execution of a "top lease". A top lease is subject to the prior lease and only becomes effective if and when the prior lease expires or is otherwise determined to be no longer valid. The top lease includes specific language setting forth the terms and conditions of the payment of the bonus. If the existing lease is not terminated or declared void within 10 years after you execute the "top lease", the top lease will automatically terminate and become void. Dale cannot express any opinion of if and when the existing lease would terminate or be declared void.

As consideration for executing and returning the top lease, Dale will pay a total bonus to you of $\frac{4}{2} \frac{1}{2} \frac{1$

Should you have any questions regarding this offer you may contact Yarvin South at Dale. If you wish to sign the top lease and receive the first bonus payment then please follow the instructions provided and return the executed lease to Dale.

Sincerely,

I/We wish to execute the Top Lease provided by Dale. I/We acknowledge that Dale has adequately explained the nature of a top lease and provided ample opportunity for me/us to ask questions. I/we further understand that Dale will pay 20% of the bonus amount up front and the remaining 80% of the bonus will be paid when and only if the Top Lease becomes effective. I/we understand that if

the Top Lease fails to become effective within 10 years of execution, then the top lease shall be null and void and the balance of the bonus will not be paid to us.

Lessor

Lessor



DALE RESOURCES LLC 2100 ROSS AVE STE 1870 LB-9

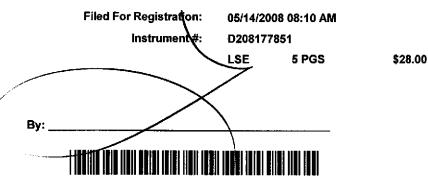
DALLAS

TX 75201

Submitter: DALE RESOURCES LLC

SUZANNE HENDERSON TARRANT COUNTY CLERK TARRANT COUNTY COURTHOUSE 100 WEST WEATHERFORD FORT WORTH, TX 76196-0401

<u>DO NOT DESTROY</u> <u>WARNING - THIS IS PART OF THE OFFICIAL RECORD.</u>



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ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

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